GOVERNMENT OF INDIA
HOUSING AND URBAN AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3838
ANSWERED ON:09.08.2017
Housing and Urban Development Corporation
Tumane Shri Krupal Balaji

Will the Minister of HOUSING AND URBAN AFFAIRS be pleased to state:

Will the MINISTER OF HOUSING AND AFFAIRS be pleased to state:

(a) whether the Housing and Urban Development Corporation (HUDCO) had sanctioned a loan of Rs. 32.30 crore for a company, RDPL as financial assistance for the development of any project in Nagpur City named Ramnath City and if so, the details thereof;
(b) whether as per the overall project development parameters, HUDCO was monitoring this project and requisite Escrow Account was also opened in the joint names of HUDCO and RDPL and if so, the details thereof;
(c) whether the builder is not executing the sale deed in favour of the buyers of the homes at Ramnath City on the ground that HUDCO is not issuing the Release letter and if so, the details thereof and the reasons therefor; and
(d) whether many persons who purchased the housing units in this project are facing difficulties as they are being denied the right of execution of their sale deeds and if so, the details thereof and the corrective action being taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF HOUSING AND AFFAIRS
(RAO INDERJIT SINGH)

(a) Yes Madam, HUDCO had sanctioned a total amount of Rs.32.30 crore [Rs.19.80 crore for Phase−I & Rs.12.50 crore for Phase−II] to M/s Ramnath Developers Pvt. Ltd. for construction of 'Ramnath City' Phase-I and Phase-II at Koradi Road, Nagpur, Maharashtra.
Phase-I :
Sanctioned units: 112 villas / rowhouses
Sanctioned loan : Rs. 19.80 crore
Released loan : Rs. 19.55 crore
Phase-II :
Sanctioned units: 136 Flats (2 & 3 BHK)
Sanctioned loan : Rs. 12.50 crore
Released loan : Rs. 11.80 crore

(b) Yes Madam, HUDCO was monitoring this project. The Escrow Accounts for Phases I & II were not opened in the joint names of HUDCO and Ramnath Developers, but the Escrow Account opened by the developer was designated "M/s. HUDCO Loan Account Ramnath Developers Pvt. Ltd." Further, the powers to operate the escrow accounts are vested with M/s Ramnath Developers Pvt. Ltd. only.
The Escrow Account No. 458101010036328 was opened with Union Bank of India, Katol Road Branch, Nagpur for Phase − I project (Scheme No.19683).
The Escrow Account No. 458101010036355 with Union Bank of India, Katol Road Branch, Nagpur- 440 010, Maharashtra was opened for Phase - II project (Scheme No.19860).

(c) As per terms of the loan, M/s Ramnath Developers Pvt. Ltd. are required to obtain prior written "No Objection Certificate (NOC)" from HUDCO before executing any Agreement to Sell / Sale Deed in respect of any flat sold to buyers. Apart from "No Objection Certificate (NOC)" issued for 17 dwelling units, the builder has been executing the sale deed for certain units without HUDCO's consent, in breach of the loan agreement.
The builder is not legally entitled to execute the Sale Deed in favour of buyers, as the entire project property has been mortgaged in favour of HUDCO as security against the loan availed from HUDCO. HUDCO still holds the charge on the project property on account of non payment of dues by M/s RDPL. Further, the borrower M/s RDPL has defaulted in payment of HUDCO dues and the matter is subjudice as the claim for the entire dues filed by HUDCO before the Debt Recovery Tribunal (DRT) is pending. Therefore, NOC for execution of the Sale Deed has not been issued by HUDCO, in the absence of which the builder cannot legally execute the Sale Deed in favour of buyer.

(d) The purchasers were fully aware of the fact that the project was financed by HUDCO and the entire property was mortgaged to HUDCO prior to their purchase. Any difficulty faced by the purchasers is on account of failure of the developer to repay HUDCO Loan in accordance with the loan agreement and get the property discharged from mortgage.
However, the builder sold out certain units of the project without obtaining NOC from HUDCO, for which HUDCO has already initiated the process of lodging FIR against the builder under various sections of the Indian Penal Code.
Since the developers M/s RDPL have been defaulting in payment of HUDCO's dues, HUDCO has initiated recovery proceedings and the matter is subjudice. DRT Mumbai has passed an interim decree for the amount of Rs 24.45 crore, duly admitted by M/s RDPL as due to HUDCO. Even this amount however has not been paid to HUDCO.
The corrective action in this regard can only be taken by the builder i.e. M/s. Ramnath Developers Pvt. Ltd. by making the payment of

entire outstanding dues to HUDCO. This would enable HUDCO to relinquish its charge from the project property, which will enable the builder to execute the Sale deed in favour of the purchasers, in accordance with law.
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